

## **BILL ANALYSIS**

Senate Research Center  
88R27206 KBB-F

C.S.H.B. 1900  
By: Smithee et al. (Kolkhorst)  
Business & Commerce  
5/9/2023  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Current law requires insurers to give 30 days notice for nonrenewal of personal auto and residential property policies and policies issued to governmental entities. When this law was originally enacted, shopping for new insurance was simpler because personal auto and residential property policies promulgated by the Texas Department of Insurance (TDI) were standard. However, the law has been changed to allow insurers to use their own policy forms subject to TDI approval. Since there are different coverage options, exclusions, limitations, and conditions, consumers have been given more choice, but it requires more time for consumers to shop for policies that meet their needs when an insurer does not renew a policy.

H.B. 1900 seeks to address this issue by requiring earlier notice when an insurer does not renew a policy so policyholders have more time to reevaluate and replace their coverage, rather than inadvertently going without insurance or being force-placed by their lender.

#### **Key Provisions**

- Requires insurers to mail written notice of nonrenewal or renewal 60 days, instead of 30 days, before the policy expires including notice of a material change in coverage to an insured as a condition for nonrenewal of certain property and casualty insurance policies,
- The deadline would apply to the following types of policies:
  - a personal automobile insurance policy, other than a policy written through the Texas Automobile Insurance Plan Association;
  - a homeowners or farm or ranch owners insurance policy;
  - a standard fire insurance policy insuring a one-family dwelling or duplex or the contents of a one-family dwelling, duplex, or apartment; and
  - property and casualty insurance policies for governmental entities.

C.S.H.B. 1900 amends Section 551.104(f) from 30 days notice to 60 days notice relating to a policy cancellation. This change is needed so that insurers do not classify a nonrenewal as a cancellation to give less notice.

C.S.H.B. 1900 amends current law relating to notice of cancellation or nonrenewal of a property and casualty insurance policy.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 551.104(f), Insurance Code, to authorize an insurer to cancel a personal automobile insurance policy effective on any 12-month anniversary of the original effective date of the policy if the insurer mails to the named insured written notice of the cancellation not later than the 60th day, rather than the 30th day, before the effective date of the cancellation.

SECTION 2. Amends Section 551.105, Insurance Code, as follows:

Sec. 551.105. NONRENEWAL OF POLICIES; NOTICE REQUIRED. Requires an insurer, unless the insurer has mailed written notice of nonrenewal or renewal with written notice of change in coverage as provided by a certain section to the insured not later than the 60th day, rather than the 30th day, before the date on which the insurance policy expires, to renew an insurance policy, at the request of the insured, on the expiration of the policy.

SECTION 3. Makes application of this Act prospective to January 1, 2024.

SECTION 4. Effective date: September 1, 2023.